

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All County and Municipal Fiscal Bodies and County Auditors

FROM: Courtney L. Schaafsma, Commissioner

RE: Business Personal Property Tax Exemption

DATE: July 28, 2015

On March 25, 2014, Governor Pence signed into law Senate Enrolled Act 1 (“SEA 1”), which provides for a county option tax exemption for select business personal property. Please note that SEA 1 was passed during the 2014 General Assembly session. However, due to the effective date of July 1, 2015, the Department of Local Government Finance (“Department”) is issuing this memorandum now. **The exemption discussed in this memorandum is not to be confused with the automatic exemption for business personal property with an acquisition cost of less than \$20,000** (see the memorandum at this link for more information about that exemption: [http://www.in.gov/dlgf/files/pdf/150518 - Schaafsma Memo - Legislative Changes Affecting Personal Property Assessments.pdf](http://www.in.gov/dlgf/files/pdf/150518_-_Schaafsma_Memo_-_Legislative_Changes_Affecting_Personal_Property_Assessments.pdf)). This memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

Section 2 of SEA 1 adds IC 6-1.1-10.3, effective July 1, 2015, which provides for a county option tax exemption for new business personal property for a particular assessment date.

For purposes of IC 6-1.1-10.3, “business personal property” means personal property that

- 1) is otherwise subject to assessment and taxation under IC 6-1.1; and
- 2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income.

The term does not include mobile homes assessed under IC 6-1.1-7, personal property held as an investment, or personal property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana Utility Regulatory Commission (“IURC”). The term does include the personal property of a telephone company or a communications service provider if that personal property meets the requirements above, regardless of whether the personal property is assessed under IC 6-1.1-8 and regardless of whether the telephone company or communications service provider is subject to regulation by the IURC.

“New personal property” means business personal property that:

- 1) a taxpayer places in service after the later of the date the exemption ordinance is adopted or a date specified in the exemption ordinance; and

- 2) has not previously been used in Indiana before the taxpayer acquires the business personal property.

The COIT council established by IC 6-3.5-6-2 may adopt an ordinance to exempt from property taxation all new business personal property located in the county. The COIT council is comprised of the same members as the COIT council established by IC 6-3.5-6-2, regardless of whether a county income tax is in effect in the county and regardless of which county income tax is in effect in the county. Except as otherwise provided, the COIT council must use the same procedures that apply under IC 6-3.5-6 when acting under IC 6-1.1-10.3.

Before adopting an exemption ordinance, the COIT council must conduct a public hearing on the proposed ordinance and publish notice of the hearing in accordance with IC 5-3-1. The COIT council must provide a certified copy of the adopted exemption ordinance to the Department and the county auditor.

An exemption ordinance adopted under IC 6-1.1-10.3 must exempt all new personal property.

A COIT council may repeal or amend an exemption ordinance. However, if a COIT council repeals or amends an exemption ordinance, any new personal property that was exempt under the exemption ordinance on the date the new personal property was placed into service by a taxpayer remains exempt from property taxes regardless of whether the ownership of the new personal property changes after the date the exemption ordinance is amended or repealed.

A taxpayer is not required to file an application or a personal property tax return to qualify for an exemption under IC 6-1.1-10.3.

Contact Information

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